



WINFOONG INTERNATIONAL LIMITED

(榮豐國際有限公司)

(Incorporated in Bermuda with limited liability)

(Stock Code: 63)

ANNOUNCEMENT OF AUDITED RESULTS

The Directors of Winfoong International Limited (the “Company”) present the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2007.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 HK\$'000	2006 HK\$'000
Turnover	3	29,339	26,169
Cost of sales		<u>(16,793)</u>	<u>(8,743)</u>
Gross profit		12,546	17,426
Valuation gains on investment property		14,173	20,963
Other revenue	4	302	309
Other net income	4	1,415	1,969
Operating and administrative expenses		<u>(33,218)</u>	<u>(39,776)</u>
(Loss)/profit from operations		(4,782)	891
Finance costs		(13,490)	(24,374)
Share of profit of an associate		28,145	178,070
Impairment loss on goodwill	14	<u>(321,122)</u>	<u>—</u>
(Loss)/profit before taxation	5	(311,249)	154,587
Income tax	6	<u>(1,021)</u>	<u>(4,055)</u>
(Loss)/profit for the year		<u><u>(312,270)</u></u>	<u><u>150,532</u></u>
Attributable to:			
Equity shareholders of the Company		(312,270)	150,532
Minority interests		<u>—</u>	<u>—</u>
(Loss)/profit for the year		<u><u>(312,270)</u></u>	<u><u>150,532</u></u>
Dividend	7	<u><u>1,731,047</u></u>	<u><u>—</u></u>
(Loss)/earnings per share	8		
Basic		HK cents (16.70)	HK cents 10.09
Diluted		<u><u>N/A</u></u>	<u><u>HK cents 10.02</u></u>

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007

		2007		2006	
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Fixed assets					
– Investment property			273,320		1,994,320
– Property held for future development			–		–
– Other property, plant and equipment			3,676		4,685
– Interests in leasehold land held for own use under operating leases			452		464
			277,448		1,999,469
Goodwill			–		–
Interest in an associate			–		612,771
Pledged bank balances and time deposits			10		912
Other financial assets			2,534		2,600
			279,992		2,615,752
Current assets					
Inventories		160,965		12,728	
Trade and other receivables	10	3,529		8,097	
Tax recoverable		8		83	
Cash and cash equivalents		5,485		4,342	
		169,987		25,250	
Current liabilities					
Trade and other payables	11	11,557		22,305	
Bank borrowings		–		81,891	
Tax payables		856		–	
		12,413		104,196	
Net current assets/(liabilities)			157,574		(78,946)
Total assets less current liabilities			437,566		2,536,806
Non-current liabilities					
Bank borrowings			150,829		396,234
Loan from a fellow subsidiary			302		–
Deferred income			–		5,582
Deferred tax liabilities			5,786		250,700
			156,917		652,516
NET ASSETS			280,649		1,884,290
CAPITAL AND RESERVES					
Share capital	12		119,620		74,620
Reserves			161,029		1,809,670
Total equity attributable to equity shareholders of the Company			280,649		1,884,290
Minority interests			–		–
TOTAL EQUITY			280,649		1,884,290

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The measurement basis used in the preparation of these financial statements is the historical cost basis except that the investment property, other buildings and financial instruments classified as available-for-sale securities are stated at their fair value.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRSs and the Interpretations that are first effective or available for early adoption for the current accounting period of the Group.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, Financial instruments: Disclosures and the amendment to HKAS 1, Presentation of financial statements: Capital disclosures, there have been certain presentation changes in the annual report of the Company.

Up to the date of issue of this results announcement, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2007 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group’s results of operations and financial position.

3. TURNOVER

The principal activities of the Group for the year ended 31 December 2007 were property investment and management, property development and construction, and provision of horticultural services.

Turnover represents the rental income, proceeds from sales of properties, revenue from provision of property management services, revenue from provision of horticultural services and revenue from provision of property construction services. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Gross rentals from investment and other properties	13,455	20,488
Gross proceeds from properties sold	12,107	2,091
Revenue from provision of property management services	331	389
Revenue from provision of horticultural services	3,309	3,201
Revenue from provision of property construction services	137	–
	<u>29,339</u>	<u>26,169</u>

4. OTHER REVENUE AND NET INCOME

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Other revenue		
Interest income		
– banks	98	139
– others	39	63
	<u>137</u>	<u>202</u>
Others	165	107
	<u>302</u>	<u>309</u>
Other net income		
Gain/(loss) on disposal of fixed assets	35	(150)
Loss on disposal of other financial assets	–	(208)
Revaluation gains/(losses) on buildings	40	(48)
Write-off of long outstanding creditors	–	2,358
Net foreign exchange gain	1,340	17
	<u>1,415</u>	<u>1,969</u>

5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

	2007 HK\$'000	2006 HK\$'000
(a) Finance costs		
Interest on bank borrowings		
– wholly repayable within five years	18,153	18,025
– repayable after five years	–	7,291
Interest on loan from a fellow subsidiary	2	–
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	18,155	25,316
Less: Interest expense capitalised into properties under development*	(4,665)	(942)
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	13,490	24,374
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* The borrowing costs have been capitalised at a rate of 3.59% - 6.41% per annum (2006: at a rate of 4.62 % - 5.13% per annum).

	2007 HK\$'000	2006 HK\$'000
(b) Staff costs (including directors' remuneration)		
Contributions to defined contribution retirement plan	259	290
Salaries, wages and other benefits	13,064	24,072
	<hr/>	<hr/>
	13,323	24,362
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(c) Other items		
Amortisation of land lease premium	12	12
Depreciation of fixed assets	1,058	655
Auditors' remuneration		
– audit services	629	444
– tax services	39	18
– other services	402	55
Operating lease charges: minimum lease payments		
– hire of plant and machinery	9	9
– hire of other assets (including property rentals)	2,634	2,463
Bad debts written off – other receivables	–	232
Impairment loss for bad and doubtful debts		
– trade debtors	97	–
– other receivables	–	379
Share of an associate's taxation	6,737	230
Rentals received and receivable from investment and other properties less direct outgoings of HK\$3,738,000 (2006: HK\$6,070,000)	9,717	14,418
Cost of inventories	12,505	2,130
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6. INCOME TAX

Taxation in the consolidated income statement represents:

	2007 HK\$'000	2006 HK\$'000
Current tax – Hong Kong Profits Tax		
Under-provision in respect of prior years	8	10
Current tax – PRC Income Tax		
Over-provision in respect of prior years	–	(14)
Deferred tax		
Origination and reversal of temporary differences	1,013	4,059
	<u>1,021</u>	<u>4,055</u>

No provision for Hong Kong Profits Tax, PRC Income Tax and Singapore Income Tax for the year ended 31 December 2007 has been made as the Group has no estimated assessable profits arising in Hong Kong, the PRC and Singapore for the year (2006: Nil).

7. DIVIDEND

	2007 HK\$'000	2006 HK\$'000
Distribution in specie (<i>note</i>)	<u>1,731,047</u>	<u>–</u>

Note:

Pursuant to the group reorganization (the “Group Reorganization”) of as detailed in note 13 below, which was completed on 1 August 2007, the Company make of a distribution in specie of all of the ordinary shares of HK\$0.05 each held in the issued share capital of Hong Fok Land International Limited (“HF Land”), a company incorporated in Bermuda with limited liability and a wholly-owned subsidiary of the Company before 1 August 2007, in specie out of its credit arising from the Company’s retained profits and contributed surplus to the equity shareholders of the Company whose names appeared on the register of members of the Company at the close of business day on 25 July 2007 on a one for one basis.

**Net assets of HF Land and its subsidiaries
(the “HF Land Group”) distributed:**

Fixed assets	1,759,008
Interest in an associate	647,072
Pledged bank deposits	671
Trade and other receivables	7,036
Inventories	12,500
Tax recoverable	73
Cash and cash equivalents	6,996
Trade and other payables	(13,238)
Bank borrowings	(430,700)
Amount due to a subsidiary of the Company	(1,069)
Deferred tax liabilities	(251,790)
Deferred income	(5,512)
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Net assets distributed to the equity shareholders of the Company	<u>(1,731,047)</u>

The directors of the Company do not recommend the payment of a final dividend in respect of the year (2006:Nil).

8. (LOSS)/EARNINGS PER SHARE

a) BASIC (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$312,270,000 (2006: profit of HK\$150,532,000) and the weighted average number of 1,869,671,260 (2006: 1,492,410,986) ordinary shares in issue during the year.

b) DILUTED (LOSS)/EARNINGS PER SHARE

No diluted loss per share is presented as the exercise of the Company's outstanding share options for the year ended 31 December 2007 would result in a decrease in loss per share.

The calculation of diluted earnings per share for the year ended 31 December 2006 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$150,532,000 and the weighted average number of 1,502,927,847 ordinary shares, calculated as follows:

Weighted average number of ordinary shares for the year ended 31 December 2006	1,492,410,986
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	10,516,861
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Weighted average number of ordinary shares (diluted) for the year ended 31 December 2006	1,502,927,847
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9. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group comprises the following main business segments:

Property investment and management: the leasing of properties to generate rental income and to gain from the appreciation in the properties' values in the long term, and provision of building management services.

Property construction and development: the development, construction and sale of properties, and project management.

Horticultural services: the provision for horticultural services.

	Property investment and management		Property construction and development		Horticultural services		Inter-segment elimination		Unallocated		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	13,111	21,115	12,919	1,853	3,309	3,201	–	–	–	–	29,339	26,169
Inter-segment revenue	420	761	20,405	11,912	6	16	(20,831)	(12,689)	–	–	–	–
Other revenue from external customers	30	73	29	28	5	4	–	–	101	2	165	107
Total	<u>13,561</u>	<u>21,949</u>	<u>33,353</u>	<u>13,793</u>	<u>3,320</u>	<u>3,221</u>	<u>(20,831)</u>	<u>(12,689)</u>	<u>101</u>	<u>2</u>	<u>29,504</u>	<u>26,276</u>
Segment result	20,970	31,662	19,954	11,261	178	6	(20,831)	(12,689)	(25,190)	(29,551)	(4,919)	689
Unallocated operating income and expenses											137	202
(Loss)/profit from operations											(4,782)	891
Finance costs											(13,490)	(24,374)
Share of profit of an associate	28,145	178,070	–	–	–	–	–	–	–	–	28,145	178,070
Impairment loss on goodwill	–	–	(321,122)	–	–	–	–	–	–	–	(321,122)	–
Income tax											(1,021)	(4,055)
(Loss)/profit for the year											<u>(312,270)</u>	<u>150,532</u>
Depreciation and amortisation for the year	96	173	83	2	65	65						

	Property investment and management		Property construction and development		Horticultural services		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	273,624	2,000,436	167,376	12,995	1,005	996	442,005	2,014,427
Interest in an associate	–	612,771	–	–	–	–	–	612,771
Unallocated assets							7,974	13,804
Total assets							449,979	2,641,002
Segment liabilities	124,911	749,599	40,144	6,187	221	216	165,276	756,002
Unallocated liabilities							4,054	710
Total liabilities							169,330	756,712
Capital expenditure incurred during the year	23,055	10,780	17	14	4	305		

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	Hong Kong and Mainland China		Singapore		Total	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	16,557	26,169	12,782	–	29,339	26,169
Other revenue from external customers	153	107	12	–	165	107
Segment assets	282,758	2,028,144	167,221	612,858	449,979	2,641,002
Capital expenditure incurred during the year	23,276	14,198	17	–	23,293	14,198

10. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors (net of impairment losses for bad and doubtful debts) with the following ageing analysis as of the balance sheet date:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Within 1 month	366	561
1 to 3 month	139	171
More than 3 months but less than 12 months	1	6
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	506	738
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11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Within 1 month	108	30
After 1 month but within 3 months	5	10
After 3 months but within 6 months	20	16
After 6 months but within 12 months	34	15
Over 1 year	144	1,822
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	311	1,893
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12. CAPITAL AND RESERVES

	Attributable to equity shareholders of the Company										
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Share-based compensation reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Fair value reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2006	74,620	196,873	121	618,098	8,911	(143,777)	519	937,195	1,692,560	–	1,692,560
Exchange difference on translation of financial statements of overseas subsidiaries	–	–	–	–	–	(162)	–	–	(162)	–	(162)
Change in fair value of available-for-sale securities	–	–	–	–	–	–	260	–	260	–	260
Share of movements in reserves of an associate	–	–	–	–	–	41,047	53	–	41,100	–	41,100
Profit for the year	–	–	–	–	–	–	–	150,532	150,532	–	150,532
At 31 December 2006	<u>74,620</u>	<u>196,873</u>	<u>121</u>	<u>618,098</u>	<u>8,911</u>	<u>(102,892)</u>	<u>832</u>	<u>1,087,727</u>	<u>1,884,290</u>	<u>–</u>	<u>1,884,290</u>
	Attributable to equity shareholders of the Company										
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Share-based compensation reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Fair value reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2007	74,620	196,873	121	618,098	8,911	(102,892)	832	1,087,727	1,884,290	–	1,884,290
Exchange difference on translation of financial statements of overseas subsidiaries	–	–	–	–	–	5,570	–	–	5,570	–	5,570
Change in fair value of available-for-sale securities	–	–	–	–	–	–	380	–	380	–	380
Share of movements in reserves of an associate	–	–	–	–	–	6,171	55	–	6,226	–	6,226
Cancellation of share premium	–	(196,873)	–	196,873	–	–	–	–	–	–	–
Realisation of reserve upon distribution in specie	–	–	–	–	–	103,027	(627)	(102,400)	–	–	–
Shares issued for acquisition of subsidiaries	45,000	–	–	382,500	–	–	–	–	427,500	–	427,500
Cancellation of share options	–	–	–	–	(8,911)	–	–	8,911	–	–	–
Loss for the year	–	–	–	–	–	–	–	(312,270)	(312,270)	–	(312,270)
Distribution in specie	–	–	–	(1,197,471)	–	–	–	(533,576)	(1,731,047)	–	(1,731,047)
At 31 December 2007	<u>119,620</u>	<u>–</u>	<u>121</u>	<u>–</u>	<u>–</u>	<u>11,876</u>	<u>640</u>	<u>148,392</u>	<u>280,649</u>	<u>–</u>	<u>280,649</u>

13. GROUP REORGANIZATION AND ACQUISITION OF SUBSIDIARIES

a) Group reorganization

During the year, the Group underwent a reorganization (the “Group Reorganization”), details of which are set out in the Company’s circular dated 30 June 2007 and which was completed on 1 August 2007. Pursuant to the Group Reorganization, the Company made a distribution in specie of all the ordinary shares of HK\$0.05 each held by it in the issued share capital of HF Land, a company incorporated in Bermuda with limited liability and a wholly-owned subsidiary of the Company before 1 August 2007, in specie out of its credit arising from the Company’s retained profits and contributed surplus to the equity shareholders of the Company whose names appeared on the register of members of the Company at the close of business day on 25 July 2007 on a one for one basis. The assets of HF Land include an approximately 20.2% interest in Hong Fok Corporation Limited (“HFC”).

Subsequent to the Group Reorganization:

- (i) the Company continues to be a listed company and the Group excluding the HF Land Group continues carrying on the businesses which include the Group’s property related businesses, including the holding of the redevelopment project at 38 Conduit Road in Hong Kong, and the provision of horticultural services;
- (ii) the HF Land Group continues carrying on the businesses which include the Group’s previous holding of the properties at 15 and 17 Magazine Gap Road in Hong Kong, certain properties in the PRC and an approximately 20.2% interest in HFC, the Group’s previous associate; and
- (iii) the HF Land’s shares were distributed in specie to the Company’s shareholders whose names appeared on the register of members of the Company at the close of business day on 25 July 2007 on the basis of one HF Land share for each of the Company’s shares held.

b) Acquisition of subsidiaries

Pursuant to an arrangement with HFC, an associate of the Company at the date of the agreement, the Group acquired the 100% equity interest in Goldease Investments Limited and its subsidiaries (collectively, the “Goldease Group”) from HFC. The consideration was settled partly in cash and partly by the issue of 900 million new ordinary shares of the Company to HFC after which the latter became the ultimate holding company of the Company.

The acquisition of the entire interest in the Goldease Group had the following effect on the Group's assets and liabilities:

	Carrying values prior to acquisition <i>HK\$'000</i>	Fair value adjustments <i>HK\$'000</i>	Carrying values upon acquisition <i>HK\$'000</i>
Acquiree's net assets at the date of acquisition			
Fixed assets	642	–	642
Property held for sale	133,123	31,041	164,164
Trade and other receivables	1,671	–	1,671
Cash and cash equivalents	10,847	–	10,847
Trade and other payables	(3,540)	–	(3,540)
Tax payables	(812)	–	(812)
Amount due to the ultimate holding company	(6)	–	(6)
Deferred tax liabilities	–	(5,588)	(5,588)
Bank borrowings	(37,009)	–	(37,009)
Net assets acquired	104,916	25,453	130,369
Goodwill (<i>see note 14</i>)			321,122
			451,491
Satisfied by:			
– Cash consideration			23,991
– 900 million new shares of the Company			427,500
			451,491

14. GOODWILL

The Group
HK\$'000

Cost:

Additions arising from acquisition of subsidiaries and at 31 December 2007 321,122

Accumulated impairment losses:

Impairment loss for the year and at 31 December 2007 (321,122)

Carrying amount:

At 31 December 2007 —

At 31 December 2006 —

On 1 August 2007, the Group acquired a 100% equity interest in Goldease Group at a consideration of HK\$451,491,000, of which HK\$23,991,000 was settled by cash and the remaining balance was settled by issue of 900 million new shares of the Company to HFC, which was the controlling shareholder holding an approximately 40.4% interest in the Company before 1 August 2007 and which became the ultimate holding company of the Company on 1 August 2007. Further details of this acquisition are set out in note 13.

Impairment tests for cash-generating units containing goodwill

For the purposes of impairment testing, goodwill arose from the acquisition of the Goldease Group. The Goldease Group's operating business segment is property development in the Republic of Singapore.

Goodwill acquired has been allocated to the cash generating unit ("CGU") of the Goldease Group. The recoverable amount of the CGU is determined based on net assets' fair value of the Goldease Group. Due to the fact that such goodwill arose principally as a result of the unexpected fluctuation in the share price of the Company's shares at the date of acquisition and, by reference to the HKFRS 3 "Business Combinations", the closing per share price of the Company on that day was used as a proxy for the fair price of the Company's 900 million new shares for the purpose of calculating the goodwill arising from the acquisition of the Goldease Group, the net assets' fair value of the Goldease Group is lower than the carrying amount of CGU and accordingly, the Company's directors are of the view that an impairment loss of HK\$321,122,000 was necessary.

BUSINESS REVIEW AND PROSPECTS

During the year, the Group has completed a group reorganization and the acquisition of Goldease Group on 1 August 2007. The Group has distributed the business of the holding of the properties at 15 and 17 Magazine Gap Road in Hong Kong, certain properties in the PRC and an approximately 20.2% interest in Hong Fok Corporation Limited. The Group has only retained the business of the redevelopment project at 38 Conduit Road in Hong Kong and the provision of horticultural services while enlarged by the business of the Goldease Group of the holding of certain properties in Singapore.

Turnover increased by 12.1% which was mainly due to the sale of properties of Goldease Group. The Group recorded net loss of approximately HK\$312.3 million in the year as a result of the following:

- (i) decrease in net rental income of approximately HK\$4.7 million;
- (ii) decrease in valuation gains on investment properties, net of deferred tax, of approximately HK\$4.3 million;
- (iii) impairment of goodwill on acquisition of Goldease Group of approximately HK\$ 321.1 million;
- (iv) decrease in interest expense of approximately HK\$10.9 million; and
- (v) decrease in share of profit of an associate of approximately HK\$149.9 million.

Following the distribution of the property holding business at 15 and 17 Magazine Gap Road during the year, net rental income, valuation gains and interest expenses has decreased. Share of profit of an associate decreased as a result of the distribution of interest in an associate.

Goodwill of HK\$321.1 million on acquisition of Goldease Group has arisen mainly from the unexpected fluctuation in the price of the Company's shares at the date of acquisition. By reference to HKFRSs, the closing per share price of the Company on date of acquisition was used as a proxy for the fair price of the Company's 900 million new shares, which were issued as part of the consideration for the acquisition, for the purposes of calculating the goodwill arising from the acquisition. As the closing price of shares of the Company on 1 August 2007, the date of acquisition, was HK\$0.475 per share, goodwill of approximately HK\$321.1 million was recognized for the acquisition, calculated based on the fair value of the consideration and the fair value of the identifiable assets and liabilities of Goldease Group. The fair value of the consideration shares was approximately HK\$427.5 million, of which HK\$45.0 million was credited to share capital of the Company and the remaining balance of approximately HK\$382.5 was credited to the contributed surplus account of the Company.

Pursuant to the impairment review of the goodwill arisen from the acquisition, the fair value of the net assets of Goldease Group was lower than the carrying amount of the cash generating unit of the Goldease Group and accordingly, an impairment loss of approximately HK\$321.1 million was recognized. However, the Board wishes to state that the recognition of the aforesaid contributed surplus and the impairment loss as a whole would not have material impact on the net asset value of the Group. In addition, as such goodwill is a one-off non-cash item, the daily operation and working capital of the Group are not materially and adversely affected by such impairment loss.

The Group's operating results before the impairment loss was profit of approximately HK\$8.9 million.

The net asset value of the Group per share as at 31 December 2007 was approximately HK\$0.12 (2006: HK\$1.26) based on the 2,392,410,986 (2006: 1,492,410,986) shares issued.

All the Group's funding and treasury activities are centrally managed and controlled at the corporate level. There is no significant change in respect of treasury and financing policies from the information disclosed in the Group's latest annual report. The Group's monetary assets and liabilities are denominated and the Group conducted its business transactions principally in Hong Kong dollars or Singapore dollars. The exchange rate risk of the Group is not considered significant, no financial instruments for hedging purpose were employed. The Group's borrowings are arranged on a floating rate basis.

The Group's working capital requirements are met by sales proceeds of development properties and committed undrawn credit facilities. The year-end gearing ratio was 52% (2006: 25%) based on bank loans less cash and bank balances to shareholders' funds including minority interests. The increase in gearing ratio was mainly due to the change in the Group's assets and liabilities as a result of the group reorganization. As at 31 December 2007, the outstanding bank loans amounted approximately HK\$150.8 million. These loan facilities were secured by the Group's properties.

The following is the maturity profile of the Group's bank borrowings as of 31 December 2007:

After 2 years but within 5 years	100%
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The Group will focus its resources on the existing properties. The redevelopment of the investment property at 38 Conduit Road has commenced as planned and is expected to be completed by the end of 2009.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

AUDIT COMMITTEE

The Audit Committee has reviewed the audited results of the Group for the year ended 31 December 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code of the Listing Rules. Following specific enquiry by the Company, all directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year.

CORPORATE GOVERNANCE

The Company has adopted the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules with the following deviations:

- (i) Under Code A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cheong Pin Chuan, Patrick is both the Chairman of the board, as well as the Group’s chief executive officer (“CEO”)/managing director. Given the size and that the Company’s and the Group’s current business operations and administration have been relatively stable and straightforward, the board is satisfied that one person is able to effectively discharge the duties of both positions. However, going forward, the board will review from time to time, the need to separate the roles of the Chairman and the CEO if the situation warrants it.
- (ii) Under Code A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. Non-executive directors of the Company are not appointed for a specific term although they are subject to retirement and rotation and re-election at the annual general meeting under the Company’s Bye-laws and except for the chairman of the board and/or the managing director of the Company, each director is effectively appointed under an average term of three years.
- (iii) Under Code B.1, a remuneration committee with specific written terms of reference which deal clearly with its authority and duties. A majority of the members of the remuneration committee should be independent non-executive directors.

The board does not have a remuneration committee. The board conducts an informal assessment of the individual director’s contribution. No director decides his or her own remuneration. The directors’ remuneration has been relatively stable in the past years.

- (iv) Under Code C.3.3, the audit committee should have the duties to be primary responsible for making recommendation to the board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor.

The recommendation on the appointment, reappointment and removal of the external auditor, and to approve the remuneration of the external auditors, and any questions of resignation or dismissal of that auditor of the Company is made by the board to the audit committee for approval.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement is published on the Stock Exchange’s website (www.hkex.com.hk) and the Company’s website (www.equitynet.com.hk/winfoong). The annual report will be dispatched to the shareholders and available on the above websites in due course.

As at the date hereof, the Board comprises:

Executive directors:

Cheong Pin Chuan, Patrick

Cheong Kim Pong

Cheong Sim Eng

Independent non-executive directors:

Chan Yee Hoi, Robert

Kan Fook Yee

Lai Hing Chiu, Dominic

Non-executive director:

Lim Ghee

By Order of the Board
Winfoong International Limited
Cheong Pin Chuan, Patrick
Chairman

Hong Kong, 29 February 2008

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Room 3201, 9 Queen's Road Central, Hong Kong on 25 April 2008 at 11:00 a.m. for the following purposes:

- (1) To receive and consider the statement of accounts and the reports of the directors and the auditors for the year ended 31 December 2007.
- (2) To re-elect retiring Directors and to fix their remuneration.
- (3) To re-appoint Auditors and to authorise the board of directors to fix their remuneration.
- (4) To consider and, if thought fit, pass, with or without amendments, the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

A. **"THAT** there be granted to the directors of the Company an unconditional general mandate to repurchase shares of HK\$0.05 each in the capital of the Company and that the exercise by the directors of the Company of all powers of the Company to purchase shares of the Company subject to and in accordance with all applicable laws, be and are hereby generally and unconditionally approved, subject to the following conditions:

- (a) such mandate shall not extend beyond the Relevant Period;
- (b) the aggregate nominal amount of share capital of the Company to be purchased by the directors of the Company during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution;
- (c) for the purposes of this Resolution:

"Relevant Period" means the period from the date of passing this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; and
- (iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in general meeting."

B. “**THAT** there be granted to the directors of the Company an unconditional general mandate to issue, allot and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options including warrants, bonds and debentures convertible into shares in respect thereof, subject to the following conditions:

- (a) such mandate shall not extend beyond the Relevant Period save that the directors of the Company may during the Relevant Period make or grant offers, agreements and options including warrants, bonds and debentures convertible into shares which might require the exercise of such powers after the end of the Relevant Period;
- (b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally, to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to sub-paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) the exercise of rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into shares of the Company; (iii) any issue of shares in the Company under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to shares; and (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the bye-laws of the Company in force from time to time; shall not exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company in issue on the date of passing this Resolution and the approval granted shall be limited accordingly; and
- (c) for the purpose of this Resolution:

“Relevant Period” means the period from the date of passing this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; and
- (iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restriction or obligation under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, or in any territory outside, Hong Kong).”

- C. “**THAT**, conditional upon the passing of the Resolutions Nos. A and B above, the aggregate nominal amount of the shares in the capital of the Company which are repurchased by the Company pursuant to and in accordance with the Resolution No. A above shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to and in accordance with the Resolution No. B above.”

By Order of the Board
Winfoong International Limited
Cheong Pin Chuan, Patrick
Chairman

Hong Kong, 29 February 2008

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. Concerning Resolution No. (4)B above, the Directors wish to state that they have no immediate plans to issue any new shares of the Company but approval is being sought from the members as a general mandate for the purpose of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”).
3. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.